

The Strategy for Busan to Become a Global Maritime Hub City

JON Joon Soo

Professor Emeritus, SogangUniversity Business School



CONTENTS

I. Korean Shipping Business Status

II. The Efforts and Strategy for Busan to Become a Global Maritime Hub City

III. The Future Development Strategy



I. Korean Shipping Business Status

Table 1 | The Global Status of Fleets (As of October 13, 2023)



6,714 active ships
including 5,887 fully cellular



333,185,893 DWT



27,951,806 TEU
27,543,832 TEU fully cellular

Regional Trades
weekly capacities

Trans-Atlantic	157,812 TEU
Trans-Pacific	522,325 TEU
Feast-Europe	450,228 TEU

I. Korean Shipping Business Status

Table 2 | The Global Status of Fleets (As of October 13, 2023)

Rank	Operator	Teu	Share	Existing fleet	Orderbook
1	Mediterranean Shg Co	5,419,455	19.5%		
2	Maersk	4,129,095	14.9%		
3	CMA CGM Group	3,483,821	12.6%		
4	COSCO Group	3,022,276	10.9%		
5	Hapag-Lloyd	1,934,326	7.0%		
6	ONE (Ocean Network Express)	1,693,021	6.1%		
7	Evergreen Line	1,667,782	6.0%		
8	HMM Co Ltd	790,342	2.9%		
9	Yang Ming Marine Transport Co...	705,614	2.5%		
10	Zim	567,594	2.0%		
11	Wan Hai Lines	447,472	1.6%		
12	PIL (Pacific Int. Line)	295,036	1.1%		
13	X-Press Feeders Group	163,021	0.6%		
14	SITC	154,742	0.6%		
15	KMTC	153,758	0.6%		
16	IRISL Group	135,724	0.5%		
17	UniFeeder	127,655	0.5%		
18	Zhonggu Logistics Corp.	121,754	0.4%		
19	Sinokor Merchant Marine	115,107	0.4%		
20	Sea Lead Shipping	110,810	0.4%		
21	Antong Holdings (QASC)	84,540	0.3%		
22	TS Lines	83,832	0.3%		
23	RCL (Regional Container L.)	80,375	0.3%		
24	Global Feeder Shipping LLC	75,293	0.3%		
25	Swire Shipping	70,341	0.3%		
26	SM Line Corp.	68,489	0.2%		
27	Emirates Shipping Line	63,976	0.2%		
28	Matson	63,776	0.2%		
29	Ningbo Ocean Shg Co	63,687	0.2%		

Data: Alphaliner(2023), PublicTop100

I. Korean Shipping Business Status

Table 3 | The Global Status of Fleets (As of October 13, 2023)

Rank	Operator	Total		Owned		Chartered			Orderbook		
		Teu	Ships	TEU	Ship...	TEU	Ships	% Chart	TEU	Ship...	% existing
1	Mediterranean Shg Co	5,419,455	787	2,611,005	486	2,808,450	301	51.8%	1,512,821	126	27.9%
2	Maersk	4,129,095	680	2,490,189	336	1,638,906	344	39.7%	397,000	31	9.6%
3	CMA CGM Group	3,483,821	619	1,715,414	244	1,768,407	375	50.8%	1,278,738	123	36.7%
4	COSCO Group	3,022,276	483	1,692,778	182	1,329,498	301	44%	879,014	53	29.1%
5	Hapag-Lloyd	1,934,326	263	1,189,541	122	744,785	141	38.5%	251,976	12	13%
6	ONE (Ocean Network Express)	1,693,021	223	783,644	92	909,377	131	53.7%	515,542	39	30.5%
7	Evergreen Line	1,667,782	212	960,568	126	707,214	86	42.4%	825,218	71	49.5%
8	HMM Co Ltd	790,342	71	551,256	37	239,086	34	30.3%	265,027	26	33.5%
9	Yang Ming Marine Transport Corp.	705,614	93	244,786	53	460,828	40	65.3%	77,500	5	11%
10	Zim	567,594	125	32,931	9	534,663	116	94.2%	286,924	36	50.6%
11	Wan Hai Lines	447,472	119	431,335	111	16,137	8	3.6%	170,896	23	38.2%
12	PIL (Pacific Int. Line)	295,036	88	192,664	68	102,372	20	34.7%	118,100	12	40%
13	X-Press Feeders Group	163,021	83	98,557	41	64,464	42	39.5%	25,932	17	15.9%
14	SITC	154,742	97	151,340	94	3,402	3	2.2%	23,115	15	14.9%
15	KMTC	153,758	67	85,421	31	68,337	36	44.4%	16,400	2	10.7%
16	IRISL Group	135,724	29	135,724	29						
17	UniFeeder	127,655	78			127,655	78	100%	14,500	6	11.4%
18	Zhonggu Logistics Corp.	121,754	89	78,050	31	43,704	58	35.9%	18,544	4	15.2%
19	Sinokor Merchant Marine	115,107	77	94,894	64	20,213	13	17.6%	72,457	17	62.9%
20	Sea Lead Shipping	110,810	26			110,810	26	100%			
21	Antong Holdings (QASC)	84,540	85	60,901	42	23,639	43	28%	4,888	2	5.8%
22	TS Lines	83,832	42	69,837	32	13,995	10	16.7%	67,454	13	80.5%
23	RCL (Regional Container L.)	80,375	36	67,107	31	13,268	5	16.5%	37,428	4	46.6%
24	Global Feeder Shipping LLC	75,293	31	40,760	14	34,533	17	45.9%			
25	Swire Shipping	70,341	36	53,959	26	16,382	10	23.3%			
26	SM Line Corp.	68,489	15	59,918	12	8,571	3	12.5%			
27	Emirates Shipping Line	63,976	12	2,546	1	61,430	11	96%			
28	Matson	63,776	27	42,599	20	21,177	7	33.2%	10,860	3	17%
29	Ningbo Ocean Shg Co	63,687	76	33,258	32	30,429	44	47.8%	19,898	13	31.2%

Data: Alphaliner(2023), PublicTop100

I. Korean Shipping Business Status

Table 4 | The Trend of Korean Container Cargo Volume for Import and Export

(Except Transshipment)

Category		Import and Export Container Cargo (Unit: TEU)		
		Export	Import	Total
2020	Loaded Container	6,041,633	5,735,894	11,777,52
	Empty Container	2,248,088	2,403,334	4,651,422
2021	Loaded Container	6,454,350	6,030,984	12,485,334
	Empty Container	2,115,372	2,566,755	4,682,127
2022	Loaded Container	6,038,488	5,853,126	11,891,613
	Empty Container	2,176,303	2,368,996	4,545,300

Data: Ministry of Oceans and Fisheries(2023)

I. Korean Shipping Business Status

Table 5 | Korea's National Fleet Coverage of Import and Export Container Cargo

Category		The National Fleet Coverage of Import and Export Container Cargo		
		Export	Import	Total
2020	Short Sea Trade	59.0%	61.0%	60.0%
	Ocean Trade	17.7%	21.6%	19.4%
	Total	43.6%	48.6%	46.1%
2021	Short Sea Trade	59.7%	59.7%	59.7%
	Ocean Trade	18.5%	23.1%	20.4%
	Total	43.8%	48.8%	46.2%
2022년	Short Sea Trade	59.4%	58.3%	58.8%
	Ocean Trade	18.6%	24.1%	21.0%
	Total	43.9%	48.0%	45.9%

Data: Ministry of Oceans and Fisheries(2023)

CONTENTS

I. Korean Shipping Business Status

II. The Efforts and Strategy for Busan to Become a Global Maritime Hub City

III. The Future Development Strategy



II. The Efforts and Strategy for Busan to Become a Global Maritime Hub City

The Regional Imbalance of the Korean Marine Industry and Marine Finance

The Korean marine industry has grown around Busan, centred around the Gyeongnam region (Ulsan, Changwon, Jinhae), while marine finance has developed in Seoul, home to major financial institutions.

The Inception of the Marine Finance center

Since September 2014, the relocation of manpower and organizations for shipping finance from major policy financial institutions such as KDB (Korea Development Bank), KEXIM (Export-Import Bank of Korea), K-SURE (Korea Trade Insurance Corporation) to BIFC (Busan International Finance center) in Busan has provided an opportunity for Busan to become a marine finance hub.

Busan Becoming a Hub for Marine Finance

The active support from KAMCO (Korea Asset Management Corporation) and KOBC (Korea Ocean Business Corporation), headquartered in Busan, has become a foundation for Busan to develop as a marine finance hub. Busan-based marine industry training and research institutions have supplied relevant talent and software.

II. The Efforts and Strategy for Busan to Become a Global Maritime Hub City

Table 6 | The Global Financial Centres Index(GFCI)

Centre	GFCI 34 Rank ▲	GFCI 34 Rating	Rank(+/-)	Rating(+/-)	Region
Singapore	3	742	0	▲ 19	Asia/Pacific
Hong Kong	4	741	0	▲ 19	Asia/Pacific
Shanghai	7	733	0	▲ 16	Asia/Pacific
Seoul	11	729	▼ -1	▲ 15	Asia/Pacific
Shenzhen	12	728	0	▲ 16	Asia/Pacific
Beijing	13	727	0	▲ 16	Asia/Pacific
Tokyo	20	720	▲ 1	▲ 17	Asia/Pacific
Sydney	22	718	▼ -7	▲ 9	Asia/Pacific
Guangzhou	29	708	▲ 5	▲ 18	Asia/Pacific
Qingdao	32	705	▲ 4	▲ 17	Asia/Pacific
Busan	33	704	▲ 4	▲ 17	Asia/Pacific
Melbourne	39	698	▼ -11	▲ 2	Asia/Pacific
Osaka	43	694	▼ -5	▲ 8	Asia/Pacific
Chengdu	44	693	0	▲ 13	Asia/Pacific
Wellington	56	680	▼ -4	▲ 8	Asia/Pacific
GIFT City-Gujarat	62	672	▲ 5	▲ 47	Asia/Pacific
Dalian	64	670	▲ 8	▲ 50	Asia/Pacific
Nanjing	65	669	▲ 10	▲ 52	Asia/Pacific
Mumbai	66	668	▼ -5	▲ 37	Asia/Pacific
Taipei	67	667	▼ -4	▲ 38	Asia/Pacific

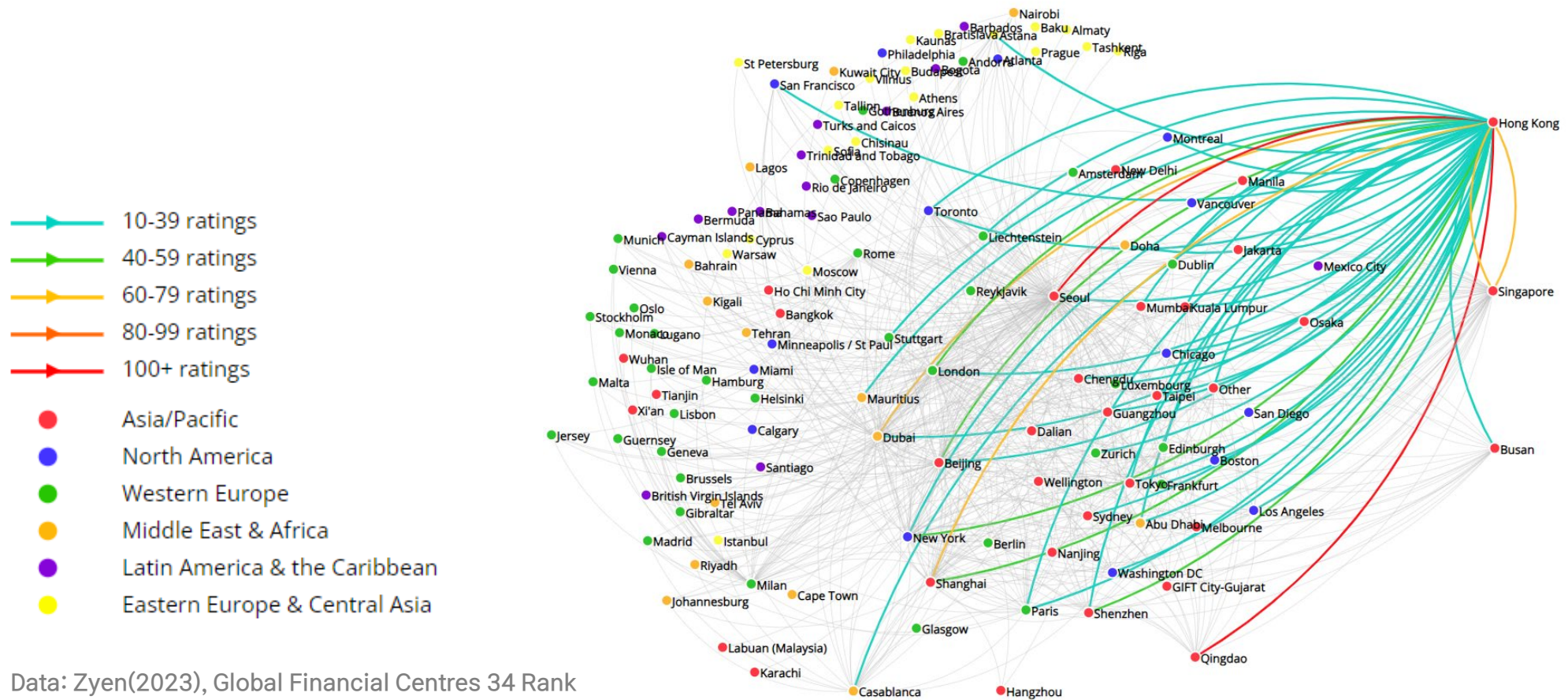
Agglomeration Strategy of the Marine Finance Industry Abroad

- Hong Kong and Singapore, international financial hubs and marine financial centres, have witnessed marine businesses, including shipping companies, shipbuilders, port terminals, and finance and investment companies, building clusters to offer global marine financial services.

Data: Zyen(2023), Global Financial Centres 34 Rank

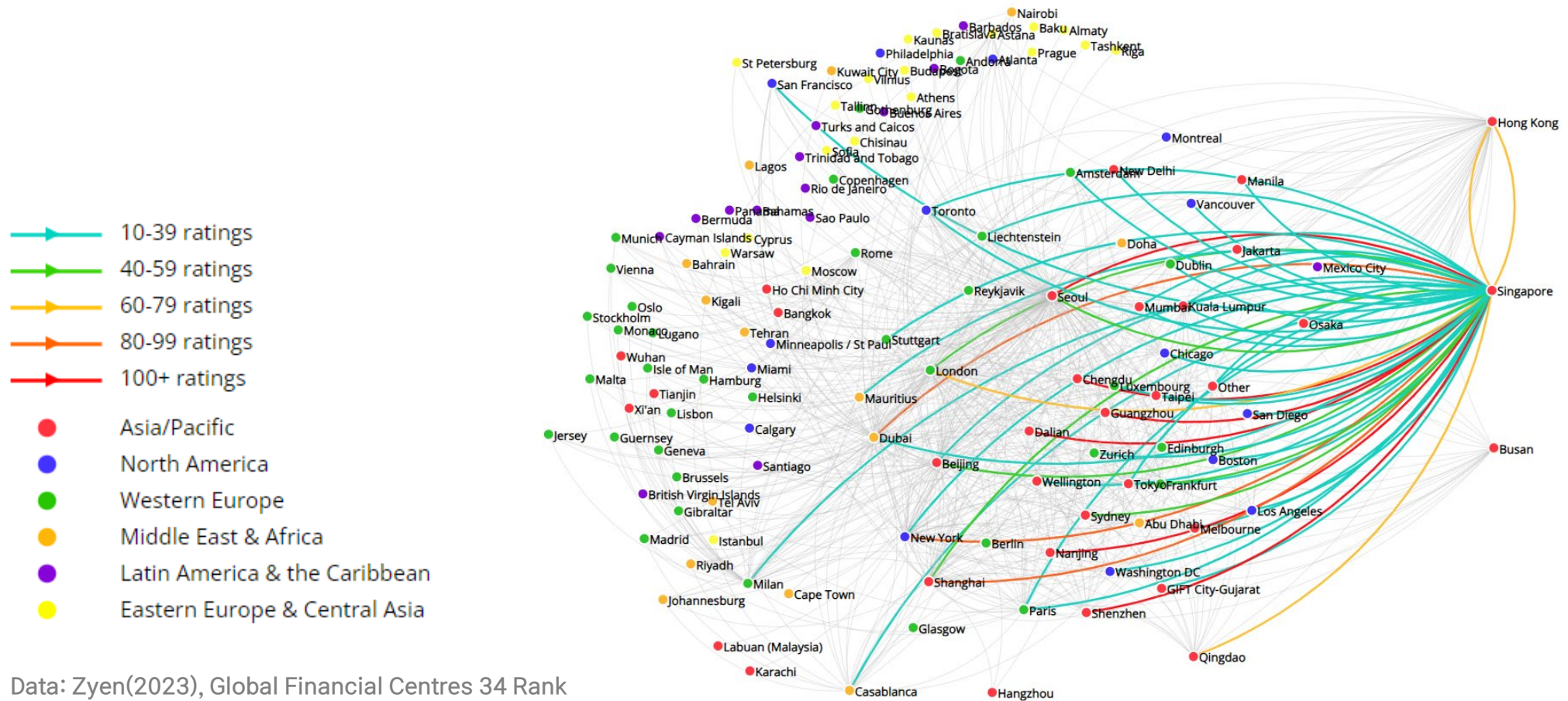
II. The Efforts and Strategy for Busan to Become a Global Maritime Hub City

Hong Kong's financial centres rated each other in GFCI 34



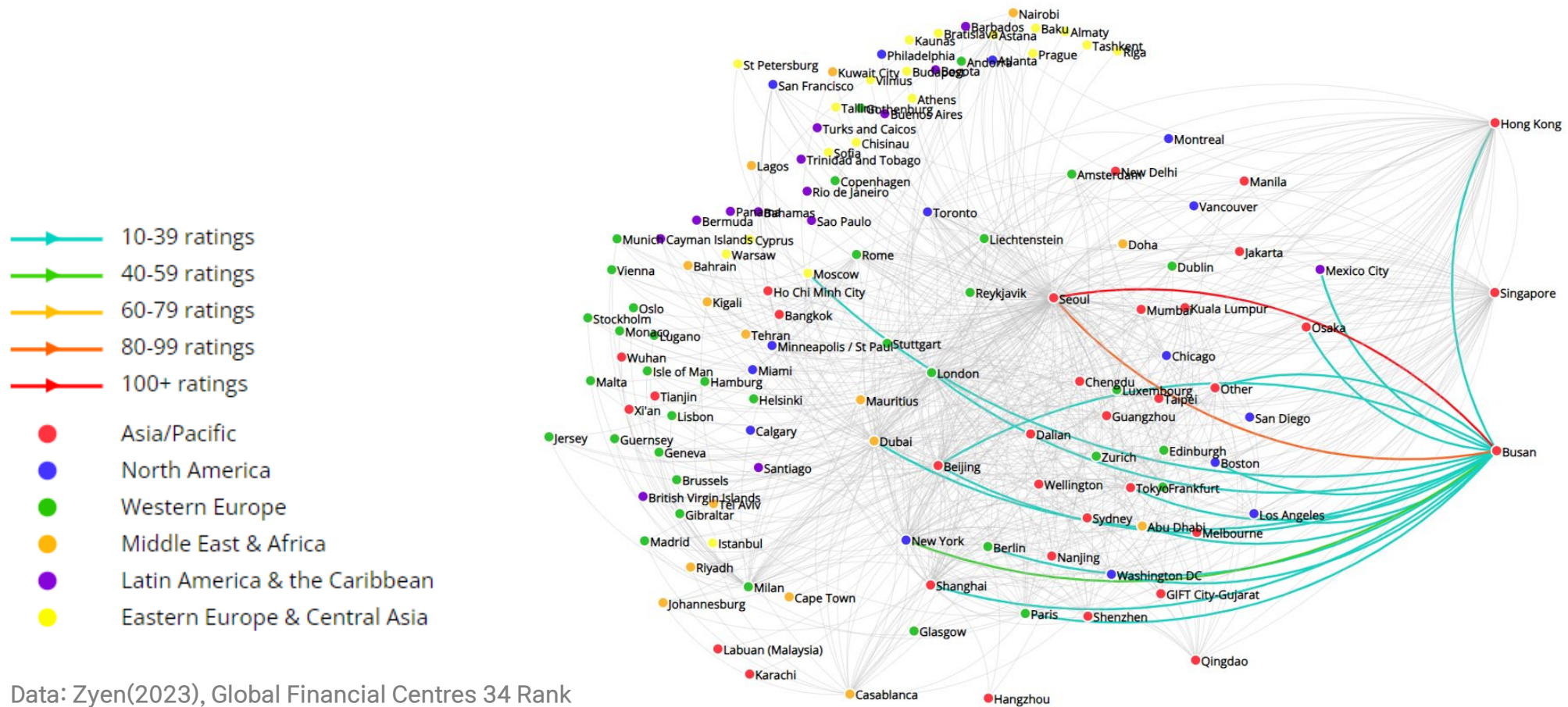
II. The Efforts and Strategy for Busan to Become a Global Maritime Hub City

Singapore's financial centres rated each other in GFCI 34



II. The Efforts and Strategy for Busan to Become a Global Maritime Hub City

Busan's financial centres rated each other in GFCI 34



II. The Efforts and Strategy for Busan to Become a Global Maritime Hub City

Busan Requires Advancements in Marine Finance

Busan has successfully developed the marine industry, but the city faces certain limitations in the commercialization of marine finance and investment and in globalizing its operations.

Creating a Better Business Environment through Marine Finance

Busan should focus on developing specialized areas and products in the marine finance and investment sectors to increase its competitiveness compared to other global marine finance hubs. This will create favorable business environments for Busan, providing finance and securing investments.

Operating Cost and Freight

If Busan establishes a competitive area related to rapidly growing decarbonizing green ships and alternative energy infrastructure (e.g., Green bond, CERs-related investments), the city should evolve into an international marine platform, like Oslo, Norway, a city specialized in the marine industry.

CONTENTS

I. Korean Shipping Business Status

II. The Efforts and Strategy for Busan to Become a Global Maritime Hub City

III. The Future Development Strategy



III. The Future Development Strategy

The Breakthrough Idea and National Consensus

- A self-governing city with global competitiveness, similar to Singapore and Hong Kong in the past.
- It should operate a self-governing congress except for national defense and diplomatic affairs. The city may become a nation within a nation with complete autonomous rights, including the judiciary (Tribunal for the Law of the Sea) and administrative bodies.

The Development Strategy

- Innovative tax reform should be implemented to ensure tax benefits for foreign talents and financial institutions.
- An internationalization strategy (international language) should be employed to create a better living environment, including educational facilities, housing, and medical benefits, in order to attract marine and finance industries.
- Safety measures and public systems are required to address disasters and national emergencies, considering public opinion.

**THANK YOU FOR
YOUR ATTENTION!**

